

**The International Economy and the Undeveloped World, 1865-1914**

by A. J. H. LATHAM

London, Croom Helm, 1978. Pp. 272. £9.95.

There has been a spate of country monographs on the economic history of what is now generically called the Third World, especially for the period 1860-1914, when a truly international economy came into existence. By way of contrast, there has been a dearth of studies encompassing the then undeveloped regions of the world in their relations with the 'centre', the burgeoning industrial countries of the late nineteenth and early twentieth centuries.

*The International Economy and the Undeveloped World, 1865-1914* is an attempt to redress the balance, and helps to do so. Although the title gives the impression that all undeveloped regions are discussed, the subject matter is limited to the integration of South-East Asia and Africa into the world economy. This, however, is not a major defect since a truly comprehensive coverage of the then undeveloped world would have had to encompass Latin America and Australia, not to mention such island areas as Madagascar and the Philippines, and would have required a much larger book – also, perhaps, more time and resources than were available to the author.

Naturally, communications were the means by which the majority of undeveloped regions made their *entrée* into the world economy, and this is the subject of the opening chapter. We learn of the extensive railway construction in the sub-continent of India, and of the even greater difficulties that faced the engineers and builders in China. The foundation of the present railway network in India and Africa had been laid by 1914, mainly as a result of the successful work undertaken by the British in India, as well as in South and later West and East Africa, and also by the French in Senegal and elsewhere in francophone Africa.

The motivation was, of course, commercial – the determination to tap mineral and agricultural resources, and to forestall the colonial ambitions of other European powers – and thus, ultimately, it was the desire to control the economy that provided the spur to construct railways in India and Africa. But although vehicles of imperialism, it cannot be denied that they provided the initial stimulus to economic development. Equally important was the introduction of the steamship, coupled with the opening of the Suez Canal in the 1880s, because this brought India and the Far East nearer to Europe by several thousand miles, while the ensuing fall in freight rates also helped to link West Africa closer to the 'centre'. Above all, the creation of an effective telecommunications system enabled the 'periphery' to be consolidated into a world market – indeed, thanks to the new equipment and apparatus, this approached the economist's ideal of 'perfect competition' as regards the dissemination of information about prices.

It was the widespread adoption of the gold standard that facilitated the overseas movement of capital from Britain for the necessary investments in the revolution in transport and communications. The result was a growth in world trade, and for Britain, in particular, this was crucial to her rôle as a source of international capital. Britain incurred surpluses in her payments with a number of countries in the undeveloped world, notably India

– in turn, in surplus with China – and was thus able to make good the deficits incurred with Europe and the United States, and to undertake her massive investments in South Africa and elsewhere during the period.

The growth in trade also had several far-reaching consequences beyond an improvement in the economic conditions of certain classes in these regions. For example, it quickened the demise in South-East Asia of the domestic textile industries, since these could not cope with competition from the Lancashire mills. The result was that many poor Indians left their homes to seek wage employment as indentured labourers in the tea and coffee estates of Sri Lanka, the rubber plantations of Malaysia, and the paddy fields of Thailand, while the new diamond and gold mines of South Africa attracted workers from both India and China.

In addition, many Africans in the Gold Coast, and elsewhere on the West Coast, adopted with alacrity the introduction of new cash crops for export, and thereby put paid to the notion prevalent in some colonial circles that the indigenous inhabitants were lazy and unresponsive to economic incentives as known in Europe. Their ‘capitalistic’ tendencies – however defined – were brought to the fore by the growing international market. And as if to underline the extent to which they had become fully integrated into the world economy, the undeveloped countries also suffered from the periodic economic fluctuations transmitted from the ‘centre’ – in fact, they felt the so-called ‘great depression’ almost as much as did the British.

Latham is worth reading if only because of his excellent summary of a mass of previous studies. But in the process he lays bare the beginnings of the world-wide economic system which has prevailed with only slight modifications during the last hundred years. Those who are canvassing for ‘a new international economic order’ will do well to read and ponder over this book, in order to realise how deeply rooted in the past are the practices they are seeking to alter.

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### **Africa's Industrial Future** by RICHARD BAILEY

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Richard Bailey does not, in this work, break much new ground: he simply presents, with special reference to Africa, the conventional wisdom on development – however, in doing this, he performs remarkably well. *Africa's Industrial Future* may be reviewed in two principal ways: (1) micro-scopically, which means essentially accepting the author's overall framework – if he has any which can be identified – but disagreeing with some or even many of his policy prescriptions and analytical assertions; and (2) macro-scopically, which means seeing if it can be characterised and judged against the prevailing views and theories of underdevelopment. Unfortunately, from whatever angle the book is assessed, there is nothing to suggest that it is very different from the run-of-the-mill publications that have appeared on economic development during the past five years.

Although Bailey focuses on industrialisation, he really seeks to explain